

Message Text

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ACTION EUR-12

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PASS AGRICULTURE FOR ASST. SECRETARY BELL AND DONALD J. NOVOTNY

E.O. 11652: N/A

TAGS: EAGR, EEC

SUBJECT: LARDINOIS ON GRAIN CROP AND TRADE INTELLIGENCE

REF: (A) EC A-346 (B) EC BRUSSELS 07390 (C) EC A-345 (D)

FASTO 59 (E) EC BRUSSELS 06976

1. EC COMMISSIONER FOR AGRICULTURE LARDINOIS ON AUGUST 25 CALLED IN THE AGRICULTURAL ATTACHE CHIEFLY TO DISCUSS RUSSIAN GRAIN PURCHASE ACTIVITIES IN THE EC. ALSO PRESENT WAS HANS WAECHTER, EC DIRECTOR FOR GRAINS, SUGAR, FATS AND OILS, AND FIBER MARKETS.

2. LARDINOIS SAID THE RUSSIANS HAD BEEN IN NUMEROUS DISCUSSIONS WITH COMMUNITY GRAIN TRADERS, INCLUDING FRENCH GRAIN CROPS, OVER THE LAST FEW WEEKS. RUSSIAN BUYERS THROUGH THEIR AGENTS HAVE OFFERED ON A 300,000 TON FREE MARKET BARLEY TENDER. THIS TENDER IS FOR ALL DESTINATIONS, AND WILL BE AWARDED AT THIS THURSDAY'S MEETING OF HE GRAIN MANAGEMENT COMMITTEE.

3. THE RUSSIANS BID \$152 PER TON ON 200,000 OF THE 300,000 TON GERMAN STANDING INTERVENTION BARLEY TENDER (REF. A).

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LARDINOIS SAID HE TURNED THE BID DOWN ON PRICE ONLY, CLAIMING

THAT RUSSIAN OFFER PRICES WERE UNREALISTIC. TO ISSUSTRATE, HE SAID HE APPROVED A 10,000 TON AWARD ON THIS TENDER TO SWITZERLAND FOR \$170 PER TON. HE SAID HE ALSO TURNED DOWN A RECENT RUSSIAN OFFER ON RYE, AGAIN FOR PRICE REASONS ONLY.

4. LARDINOIS STRESSED THAT HE IS PERFECTLY WILLING TO SELL COMMUNITY GRAIN TO THR RUSSIANS PROVIDED THEIR OFFER PRICES REFLTEC CURRENT MARKET PRICES. HE KNEW OF THR RUSSIAN PURCHASE OF ARGENTINE WHEAT AT \$10 ABOVE THE MARKET PRICE FOR HARD RED WINTER (REF. B), AND SAID HE WAS NOT ABOUT TO DO THEM ANY FAVORS. BUT HE LOOKED ON THEM AS HE WOULD ON ANY OTHER PRESPECTIVE BUYER.

5. OF THE STANDING TENDER FOR 750,000 TONS OF GERMAN INTERVENTION WHEAT, 150,000 TONS HAVE ALREADY BEEN SOLD (REF. C). RUSSIAN BIDS ARE EXPECTED FOR AT LEAST PART OF THE REMAINING 600,000 TONS.

6. WAECHTER RAN DOWN HIS PRESENT ESTIMATE OF EC SOFT WHEAT EXPORTS IN 1975/76: (IN MILLION TONS)

AS FOOD AID	1.5	
S.E. ASIA, BLACK AFRICA, N. AFRICA AND EGYPT 2.5&		
BLACK AFRICA	0.5	
INDIA	0.5	
MOROCCO AND ALGERIA		0.6
EGYPT	0.7	
TOTAL	6.3	

& WHEAT EQUIVALENT OF FLOUR

THESE ESTIMATES WILL BE REVISED IN EARLY SEPTEMBER AND A COPY FURNISHED THE MISSION. THE ESTIMATE OF 6.3 MILLION TONS IS 0.6 MILLION LESS THAN TRADE TOURCE ESTIMATES REPORTED IN REF. D. FURTHERMORE, WAECHTER PRESENTLY ESTIMATES A TOTAL EC SOFT WHEAT EXPORT AVAILABILITY OF 7.5 MILLION TONS, DOWN FROM THE PREVIOUS EC ESTIMATE OF 8.1 -8.4 (REF. E). THE DIFFERENCE BETWEEN 7.5 AND 6.3 MILLION TONS IS AVAILABLE TO OTHER DESTINATIONS, INCLUDING RUSSIA. BUT RUSSIAN INTEREST IN EC WHEAT FOR THE MOMENT HAS SLACKENED CONSIDERALBY. WAECHTER SPECULATES THAT THIS MAY BE DUE TO MORE INTERESTING TERMS OF LIMITED OFFICIAL USE

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SALE AVAILABLE IN THE US.

7. LARDINOIS EXPECTS EC BARLEY EXPORTS IN 1975/76 TO TOTAL 2.0 - 3.0 MILLION TONS AS GRAIN AND MALT.

8. WAECHTER SAID THE 1975/76 ITALIAN DURUM CROP IS VERY GOOD AND WILL TOTAL AT LEAST LAST YEAR'S 3.8 MILLIN TONS. MORRIS

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